

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1126 – SB 993

May 2, 2017

**SUMMARY OF ORIGINAL BILL:** Prohibits a court from ordering payment of retroactive child support for more than five years unless the court finds that the obligor deliberately avoided service or otherwise knowingly impeded or delayed the imposition of a support obligation.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENTS (007341, 008350):** Amendment 007341 deletes and rewrites the proposed legislation to prohibit retroactive child support from being awarded prior to the establishment of parentage unless the court determines, for good cause shown, that retroactive child support is in the interest of justice.

Amendment 008350 clarifies that the noncustodial parent must have had actual knowledge of the existence of the child and of the parent's potential paternity of the child during any longer time period for which retroactive child support is sought and that nothing in the proposed legislation authorizes retroactive modification of an existing child support order.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Other Fiscal Impact – Potential recurring reductions in revenue to the Department of Human Services (DHS). The extent and timing of any reduced revenue to DHS cannot be quantified for such impact is dependent upon multiple unknown factors.**

Assumptions for the bill as amended:

- The Department of Human Services reports that retroactive child support obligations totaling \$14,625,655 were owed in FY15-16.
- For every dollar of child support payments collected by DHS, the Department retains four percent. Of that four percent retained by the Department, approximately 66 percent

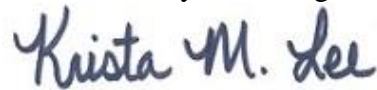
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is transmitted to the federal government as reimbursement for Temporary Assistance for Needy Families services, and approximately 34 percent is retained by DHS.

- In total, DHS retains approximately 1.36 percent ( $\$1.00 \times 0.04 \times 0.34$ ) of every dollar collected by the Department.
- The proposed legislation will reduce the amount of retroactive child support that may be ordered by a court and could decrease the collection of child support payments by DHS. To the extent that collections are reduced, the proposed legislation will decrease revenue to DHS.
- The fiscal impact for the bill as amended is dependent upon multiple unknown factors such as the average decrease in retroactive child support ordered, the average collection rate by DHS, and the average time required to collect all obligations in arrears. Given the extent of unknown factors, the extent and timing of any reduced revenue to DHS cannot be determined.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/trm